

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7290

BILL NUMBER: SB 361

NOTE PREPARED: Jan 5, 2004

BILL AMENDED:

SUBJECT: Health Care Adjustment for Judges and Prosecuting Attorneys.

FIRST AUTHOR: Sen. Meeks R

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill extends the health care adjustments made to executive branch employees to members of the judicial branch.

Effective Date: April 1, 2004; July 1, 2004.

Explanation of State Expenditures: P.L. 224-2003 (budget bill) appropriated \$89 M to the the Personal Services/Fringe Benefit Contingency Fund for the FY 2004-2005 biennium to be used for salary increases, fringe benefit increases, and for an employee leave conversion program. This appropriation is subject to Budget Agency allotment, with approval of the Governor, to departments, institutions, and all state agencies. P.L. 224-2003 also defines state agency to include "the judicial department of state." Currently, this Fund is being used to provide a health insurance adjustment for employees of state agencies effective January 1, 2003, and January 1, 2004. However, judicial officers are not currently receiving this adjustment. The health care adjustments to state employees have been made as salary increases for employees to offset the increase in the employee share of a health insurance premium.

This bill clarifies that each Supreme Court justice, judge of the Indiana Court of Appeals, Tax Court judge, trial court judge, magistrate, and prosecuting attorney is entitled to health care adjustments in any year that the governor provides a health care adjustment to executive branch employees.

The Personal Services/Fringe Benefit Contingency Fund would finance the added costs from this bill for the rest of the biennium. As of January 2004, the State Budget Agency estimated that \$17.1 M and \$10.5 M would be the remaining balances in FY 2004 and FY 2005, respectively, after the current salary increases

and adjustments are paid from the Fund.

Beginning April 1, 2004, these court officers would receive a lump sum payment of \$1,092 and \$884 prorated over pay periods between April 1, 2004, and December 31, 2004. These amounts correspond to the adjustments made for other state employees. After January 1, 2005, these court officers would receive these adjustments and any additional adjustments that the governor would grant to other state employees in the executive branch.

Based on these provisions, the 478 court officers would receive the following benefits between FY 2004 and 2006:

	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>
CY 2003 Lump Sum Adjustment of \$1,092	\$1,092	\$1,092	\$1,092
CY 2004 Prorated Adjustment of \$884	<u>\$229</u>	\$884	\$884
Total Salary Adjustments	\$1,321	\$1,976	\$1,976
Court Officers Affected	<u>478</u>	<u>478</u>	<u>478</u>
	<u>\$631,527</u>	<u>\$944,528</u>	<u>\$944,528</u>

The following tables show the number of court officers that this bill would affect and the costs aggregated over all judicial officers. There could be additional costs associated with other salary-based fringe benefits that are not summarized in the table.

<u>Judicial Officers</u>	<u>Number</u>
Supreme Court Justices	5
Court of Appeals Judges	16
Trial Court Judges:	300
Magistrates	67
Prosecuting Attorneys:	<u>90</u>
Total Number	<u>478</u>

The following shows the costs to the Personal Services/Fringe Benefit Contingency Fund and the state General Fund between FY 2004 and 2006.

	<u>FY 2004</u>	<u>FY 2005</u>	<u>FY 2006</u>
Lump Sum Health Care Adjustment of \$1,092	\$521,976	\$521,976	\$521,976
Prorated Adjustment of \$884 beginning April 1, 2004	<u>\$109,551</u>	<u>\$422,552</u>	<u>\$422,552</u>
Total Expenditures	\$631,527	\$944,528	\$944,528
Less: State Income Tax (3.4%)	<u>(\$21,472)</u>	<u>(\$32,114)</u>	<u>(\$32,114)</u>
Net Expenditures	<u>\$610,055</u>	<u>\$912,414</u>	<u>\$912,414</u>

Explanation of State Revenues: Some income tax would be generated by increasing the salaries of these

state employees. These revenues which slightly offset expenditures are shown in the table above.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Judiciary.

Local Agencies Affected:

Information Sources: Division of State Court Administration, Indiana Supreme Court.

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